

Message Text

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ACTION EB-07

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L-03 FRB-03 OMB-01 TAR-01 SP-02 AGR-05 AID-05 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04

TRSE-00 CIEP-01 CEA-01 GSA-01 INT-05 DODE-00 PM-03

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EO: 11652: N/A

TAGS: EMIN UNCTAD

SUBJ: TIN CONFERENCE: FINAL REPORT

REF: GENEVA 4447, 4366 AND 4291

1. SUMMARY. TIN CONFERENCE HAS SUCCESSFULLY CONCLUDED NEGOTIATION OF FIFTH TIN AGREEMENT. PRODUCERS SUBSTANTIALLY MODIFIED INITIAL DEMANDS, PARTICULARLY ON QUESTION OF BUFFER STOCK FINANCING, WHICH REMAINS ON VOLUNTARY BASIS FOR CONSUMERS, AND ON REFERENCE IN PREAMBLE TO NIEO, WHICH NOW CONFIRMS TO DEPT'S GUIDELINES. END SUMMARY.

2. WITH A FINAL CONCENTRATED EFFORT THE UN TIN CONFERENCE HAS SUCCEEDED IN PRODUCING AN AGREED TEXT OF A FIFTH INTERNATIONAL TIN AGREEMENT FOR SUBMISSION TO GOVERNMENTS OF COUNTRIES INVITED TO THE TIN CONFERENCE. AGREEMENT WAS MADE POSSIBLE BY WILLING-
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NESS OF PRODUCER COUNTRY DELEGATIONS TO MAKE SUBSTANTIAL CONCES-

SIONS AND TO MODIFY THEIR EARLIER DEMANDS AND POSITIONS. AGREE-
MENT FOLLOWS BASIC LINES OF FOURTH AGREEMENT AND MAINTAINS PRIN-
CIPLE OF VOLUNTARY CONTRIBUTIONS BY CONSUMERS, ALTHOUGH PRODUCERS
AND THOSE CONSUMERS WHO HAVE ALREADY AGREED TO MAKE CONTRIBUTION
HOPE FOR WIDER CONSUMER PARTICIPATION BY CONSUMERS IN BUFFER
STOCK FINANCING. FRENCH AND DUTCH HAVE ALREADY STATED INTENTION
TO CONTRIBUTE AND BELGIANS ARE EXPECTED TO OFFER CONTRIBUTION IN
CLOSING SESSION OF CONFERENCE. UK DEL STATED HMG WILL SEEK PAR-
LIAMENTARY APPROVAL AND APPROPRIATION FOR CONTRIBUTION. CANADIAN
AND JAPANESE DELS HAVE RECOMMENDED TO THEIR GOVERNMENTS THAT THEY
DO LIKEWISE. SUMMARY OF PRINCIPAL ISSUES FOLLOWS.

3. BUFFER STOCK FINANCING. FINAL TEXT PROVIDES THAT PRODUCERS
SHALL CONTRIBUTE 20,000 TONS OF TIN OR EQUIVALENT IN CASH AT PRE-
VAILING FLOOR PRICE. CONSUMERS MAY CONTRIBUTE UP TO 20,000 TONS
OR EQUIVALENT. PRODUCERS AGREED TO DELETE MENTION OF QTE TARGET
UNQTE.

4. MID-TERM REVIEW. AFTER 30 MONTHS COUNCIL SHALL REVIEW RE-
SULTS OBTAINED WITH REGARD TO CONSUMER CONTRIBUTIONS AND MAY DE-
CIDE THAT NEGOTIATING CONFERENCE BE CONVENED TO CONSIDER AMENDING
AGREEMENT. HOWEVER, PRODUCERS AGREED TO DELETE MENTION OF 10,000
TRIGGER POINT FOR MID-TERM REVIEW, AND IT WAS CLEARLY UNDERSTOOD
THAT REQUIREMENT FOR SIMPLE DISTRIBUTED MAJORITY WOULD IN ALL
PROBABILITY RESULT IN NEGATIVE DECISION ON QUESTION OF CALLING
FOR CONFERENCE. ONLY THOSE CONSUMERS WHO HAVE MADE CONTRIBUTIONS
MIGHT BE INCLINED TO VOTE FOR CONFERENCE AND IF THEY HOLD MAJORI-
TY OF CONSUMER VOTES, CHANCES ARE THAT CONSUMER CONTRIBUTIONS
WILL BE SUFFICIENT TO COOL PRODUCER DESIRE FOR CONFERENCE.

5. RESPONSIBILITY FOR ADDITIONAL FINANCING CHARGES. MOST DIFFI-
CULT ISSUE WAS PRODUCER DEMAND THAT CONSUMERS NOT CONTRIBUTING TO
BUFFER STOCK SHOULD ASSUME LIABILITY FOR CHARGES CONNECTED WITH
BORROWING IN CAPITAL MARKET TO PROVIDE ADDITIONAL FUNDS FOR BUF-
FER STOCK OPERATIONS (STAND-BY CREDIT FEES AND INTEREST CHARGES).
THEY RETRACTED THIS DEMAND AND AGREEMENT READS THAT SUCH CHARGES
SHALL BE ASSIGNED TO BUFFER STOCK ACCOUNT, BUT PARTICIPATING COUN-
TRIES WHICH DO NOT CONTRIBUTE TOWARD BUFFER STOCK MAY CONTRIBUTE
TOWARD MEETING BORROWING COSTS. HOWEVER, ARTICLE 24 ALSO STATES
CATEGORICALLY THAT QTE NO OBLIGATION SHALL BE LAID UPON ANY PAR-
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TICIPATING COUNTRY UNDER THIS ARTICLE WITHOUT THE CONSENT OF THAT
COUNTRY.

6. ADMINISTRATIVE BUDGET. ONE OF MOST CONTENTIOUS ISSUES WAS
PRODUCER INSISTENCE (PARTICULARLY MALAYSIAN) THAT PRODUCERS, WHO
ARE ONLY SEVEN IN NUMBER, SHOULD NOT BE EXPECTED TO SHARE ADMINIS-
TRATIVE COSTS EQUALLY WITH 22 CONSUMERS. HOWEVER, SOME CONSUM-
ERS WERE EQUALLY ADAMANT IN WANTING TO MAINTAIN THE EQUAL DIVI-

SION AS A MATTER OF PRINCIPLE. THEY SEEMED OBLIVIOUS TO PARADOX OF INSISTING ON EQUAL BURDEN-SHARING IN THIS INSTANCE, BUT REJECTING EQUAL BURDEN-SHARING IN FINANCING BUFFER STOCK. AFTER LONG AND HEATED DEBATE (IN WHICH US DEL REMAINED NEUTRAL AND WAS CONSEQUENTLY ASKED TO ACT AS MODERATOR IN SMALL AD HOC WORKING GROUP) ISSUE WAS RESOLVED BY ACCEPTANCE OF FORMULA PROVIDING THAT COUNTRIES WITH LESS THAN 21 VOTES WOULD EQUALLY SHARE 0.3 (POINT THREE) PERCENT OF BUDGET, COUNTRIES WITH 21 OR MORE VOTES WOULD EQUALLY SHARE ONE PERCENT AND REMAINDER OF BUDGET WOULD BE ALLOCATED ACCORDING TO SHARE OF PRODUCTION OR CONSUMPTION. FORMULA SEEMS SUFFICIENTLY COMPLEX AND SPECIFICALLY TAILORED TO TIN AGREEMENT SITUATION AS NOT TO BECOME A MODEL FOR OTHER AGREEMENTS.

7. AUTHORITY OF EXECUTIVE CHAIRMAN OF ITC. THE QUESTION OF ESTABLISHING AN ADMINISTRATIVE MANAGEMENT BOARD OR ADVISORY BOARD TO SUPERVISE OR ADVISE THE EXECUTIVE CHAIRMAN THREATENED AT THE OUTSET OF THE CONFERENCE TO BECOME A MAJOR ISSUE. HOWEVER, THE ISSUE WAS SETTLED BY ADDING A PARAGRAPH TO ARTICLE 8 PROVIDING THAT THE COUNCIL MAY MAKE WHATEVER ARRANGEMENTS ARE NECESSARY TO ASSIST THE EXECUTIVE CHAIRMAN WHEN THE COUNCIL IS NOT IN SESSION.

8. NIEO. THIS ISSUE WAS RESOLVED IN A MEETING IN CONFERENCE CHAIRMAN'S OFFICE ATTENDED BY BOLIVIA, INDONESIA, NIGERIA, THE EC SPOKESMAN AND THE U.S. PARAGRAPH (B) OF PREAMBLE NOW READS QTE THE COMMUNITY AND INTERRELATIONSHIP OF INTERESTS OF AND THE VALUE OF CONTINUED COOPERATION BETWEEN PRODUCING AND CONSUMING COUNTRIES IN ORDER TO SUPPORT THE PURPOSES AND PRINCIPLES OF THE UN AND UNCTAD, AND TO RESOLVE PROBLEMS RELEVANT TO TIN BY MEANS OF AN INTERNATIONAL COMMODITY AGREEMENT, TAKING INTO ACCOUNT THE ROLE WHICH THE ITA CAN PLAY IN THE ESTABLISHMENT OF A NIEO. UNQUOTE.
DALE

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